



December 14, 2007

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Board Clerk  
Vermont Public Service Board  
112 State Street, 4<sup>th</sup> Floor  
Montpelier, VT 05620-2701

Transmitted via fax 802-828-2358 from Margaret Powell, Constellation Energy Group, Inc.  
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Re: Constellation Energy Group's Comments on the RGGI Regulations

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Constellation Energy Group (Constellation) appreciates the opportunity to comment on the statutory requirements to implement the Regional Greenhouse Gas Initiative (30 VSA section 255) in response to the November 15, 2007 memo from the Clerk of the Board. Constellation has participated in the regional RGGI stakeholder process and offers its comments on Vermont's requirements. Constellation will be submitting to the Agency of Natural Resources Air Office comments on the proposed regulations and is responding today on the inclusion of a set-aside for voluntary renewable energy purchases.

Constellation supports the option to set-aside a small portion of allowances for use with renewable energy sales in the voluntary renewable energy market as offered as an option in the RGGI Model Rule (XX-5.3(d)). This set-aside will help to support an evolving carbon-neutral electricity market. Foregoing the set-aside for voluntary markets under the RGGI program would undermine the innovation and environmental commitment of the actions taken by those purchasing renewable energy. Any set-aside allowances not used in this program should be returned to the broader allowance market.

Also discussed in the November 15 memo was the use of the revenues generated by the auction of RGGI allowances. Constellation urges Vermont to participate in a centralized auction regime and wishes to emphasize the importance of focusing auction revenues on the greenhouse gas reduction related purposes including energy efficiency and development of innovative technology.

Constellation supports the overall goals of the RGGI and appreciates that the program could serve as a valuable stepping stone toward the development of a national program. However, Constellation wishes to emphasize that the timely implementation of a single, US greenhouse gas



reduction program is critical. Once implemented, the mandatory national greenhouse gas reduction program must supersede the RGGI program to avoid the difficulties and confusion that redundant and possibly conflicting programs would present.

Thank you for your consideration. Constellation has participated in the regional RGGI stakeholder process and looks forward to its continued participation.